

GOVERNOR'S PROPOSED STATE BUDGET FOR 2004-2005

GOVERNOR'S MAJOR BUDGET ADJUSTMENTS PROPOSED FOR SPECIAL EDUCATION: The Governor's Budget fully funds the special education formula, including increases of \$70 million for a 1.84 percent cost-of-living adjustment (COLA) and \$37.4 million for growth. These adjustments are funded by an increase of \$74.5 million in federal funds, an increase of \$23.6 million in local property taxes, and \$9.3 million from the General Fund.

SPECIAL EDUCATION BUDGET ITEMS

Contained in Senate Bill 1095 (Chesbro) & Assembly Bill 1800 (Oropeza)

STATE PROPOSITION 98 FUNDS FOR SPECIAL EDUCATION

6110-161-0001--For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children	\$2,674,600,000
Schedule:	
(1) 10.60.050.003-Special education instruction	\$2,614,390,000
(2) 10.60.050.080-Early Education Program for Individuals with Exceptional Needs	\$ 74,605,000
(3) Reimbursements for Early Education Program, Part C	\$ -14,395,000

Provisions:

1. Funds appropriated by this item are for transfer by the Controller to Section A of the State School Fund, in lieu of the amount that otherwise would be appropriated for transfer from the General Fund in the State Treasury to Section A of the State School Fund for the 2004-05 fiscal year pursuant to Sections 14002 and 41301 of the Education Code, for apportionment pursuant to Part 30 (commencing with Section 56000) of the Education Code, superseding all prior law.
2. Of the funds appropriated in Schedule (1) of this item, \$11,500,000 shall be available for the purchase, repair, and inventory maintenance of specialized books, materials, and equipment for pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
3. Of the funds appropriated in Schedule (1) of this item, \$8,816,000 shall be available for the purposes of vocational training and job placement for special education pupils through Project Workability I pursuant to Article 3 (commencing with Section 56470) of Chapter 4.5 of Part 30 of the Education Code. As a condition of receiving these funds, each local educational agency shall certify that the amount of nonfederal resources, exclusive of funds received pursuant to this provision, devoted to the provision of vocational education for special education pupils shall be maintained at or above the level provided in the 1984-85 fiscal year. The Superintendent of Public Instruction may waive this requirement for local educational agencies that demonstrate that the requirement would impose a severe hardship.
4. Of the funds appropriated in Schedule (1) of this item, \$4,599,000 shall be available for regional occupational centers and programs that serve pupils having disabilities, and \$77,400,000 shall be available for regionalized program specialist services, \$1,798,000 for small special education local plan areas (SELPAs) pursuant to Section 56836.24 of the Education Code.

5. Of the funds appropriated in Schedule (1), \$1,000,000 is provided for extraordinary costs associated with single placements in nonpublic, nonsectarian schools, pursuant to Section 56836.21 of the Education Code.
6. Of the funds appropriated in Schedule (1), a total of \$129,383,000 is available to fully fund the costs of children placed in licensed children's institutions who attend nonpublic schools.
7. Of the amount appropriated in Schedule (2) of this item, \$720,000 shall be available for infant program growth units (ages birth-two years). Funds for infant units shall be allocated pursuant to Provision 11 of this item, with the following average number of pupils per unit:
 - (a) For special classes and centers--16.
 - (b) For resource specialist programs--24.
 - (c) For designated instructional services--16.
8. Notwithstanding any other provision of law, early education programs for infants and toddlers shall be offered for 200 days. Funds appropriated in Schedule (2) shall be allocated by the State Department of Education for the 2004-05 fiscal year to those programs receiving allocations for instructional units pursuant to Section 56432 of the Education Code for the Early Education Program for Individuals with Exceptional Needs operated pursuant to Chapter 4.4 (commencing with Section 56425) of Part 30 of the Education Code, based on computing 200-day entitlements. Notwithstanding any other provision of law, funds in Schedule (2) shall be used only for the purposes specified in Provisions 10 and 11 of this item.
9. Notwithstanding any other provision of law, state funds appropriated in Schedule (2) of this item in excess of the amount necessary to fund the deficiated entitlements pursuant to Section 56432 of the Education Code and Provision 10 of this item shall be available for allocation by the State Department of Education to local educational agencies for the operation of programs serving solely low-incidence infants and toddlers pursuant to Title 14 (commencing with Section 95000) of the Government Code. These funds shall be allocated to each local educational agency for each solely low-incidence child through age two in excess of the number of solely low-incidence children through age two served by the local educational agency during the 1992-93 fiscal year and reported on the April 1993 pupil count. These funds shall only be allocated if the amount of reimbursement received from the State Department of Developmental Services is insufficient to fully fund the costs of operating the Early Intervention Program, as authorized by Title 14 (commencing with Section 95000) of the Government Code.
10. The State Department of Education, through coordination with the SELPAs, shall ensure local interagency coordination and collaboration in the provision of early intervention services, including local training activities, child find activities, public awareness, and the family resource center activities.
11. Funds appropriated in this item, unless otherwise specified, are available for the sole purpose of funding 2004-05 special education program costs and shall not be used to fund any prior year adjustments, claims or costs.
12. Of the amount provided in Schedule (1), \$161,000 shall be available to fully fund the declining enrollment of necessary small SELPAs pursuant to Chapter 551 of the Statutes of 2001 (AB 303).
13. Of the amount provided in Schedule (1), up to \$350,000 shall be available in the 2004-05 fiscal year for a special education local plan area that may apply for emergency impaction funds under this provision and pursuant to Section 56836.18 of the Education Code in the event a court of appropriate jurisdiction orders or advises the closure of a nonpublic, nonsectarian school operating at a licensed children's institution (LCI/NPS) and the special education local plan area, in which the licensed children's institution is located is required to provide for special education and related services to individuals with exceptional needs who has been enrolled in the nonpublic nonsectarian school at the time of closure. For pupils placed in the LCI/NPS pursuant to a court order, the special education local plan area shall be eligible to apply for reimbursement of actual costs under this provision for up to one-half

of the costs per pupil or which the nonpublic, nonsectarian school was previously reimbursed in the most recent fiscal year for which data is available. This provision shall apply to a maximum of one nonpublic, nonsectarian school operating at a licensed children's institution, and shall apply only to a school which closes as a result of a court order or advisory. Any special education local plan area receiving funds appropriated pursuant to this provision shall report to the State Department of Education, the Department of Finance, and the Legislative Analyst's Office by April 15, 2005, regarding the services provided to students through this pilot and the performance outcomes of students, including, but not limited to, a summary of STAR test scores for students and any alternate assessments used to measure the achievement of special education students.

14. Of the funds appropriated in Schedule (1), up to \$1,000,000 may be used to fund licensed children's institution growth pursuant to Section 56836.18 of the Education Code.
15. Pursuant to Section 56427 of the Education Code, of the funds appropriated in Schedule (1) of this item, up to \$2,324,000 may be used to provide funding for infant programs, and may be used for those programs that do not qualify for funding pursuant to Section 56432 of the Education Code.
16. Of the funds appropriated in Schedule (1) of this item, \$29,475,000 shall be allocated to local education agencies for the purposes of Project Workability I.
17. Of the funds appropriated in Schedule (1) of this item, \$1,700,000 shall be used to provide specialized services to pupils with low-incidence disabilities, as defined in Section 56026.5 of the Education Code.
18. Of the funds appropriated in Schedule (1) of this item, up to \$1,117,000 shall be used for a personnel development program. This program shall include state-sponsored staff development, local inservice components, bilingual, student study team, and core curriculum components.
19. Of the funds appropriated in Schedule (1) of this item, up to \$200,000 shall be used for research and training in cross-cultural assessments.

FEDERAL FUNDS FOR SPECIAL EDUCATION

6110-161-0890--For local assistance, Department of Education, payable from the Federal Trust Fund, Program 10.60--Special Education Programs for Exceptional Children

\$1,025,095,000

Schedule:

(1) 10.60.050.012-Local Agency Entitlements, IDEA Special Education	\$ 871,676,000
(2) 10.60.050.013-State Agency Entitlements, IDEA Special Education	\$ 1,791,000
(3) 10.60.050.015-IDEA, Local Entitlements, Preschool Program	\$ 34,792,000
(4) 10.60.050.021-IDEA, Capacity Building, Special Education	\$ 72,857,000
(5) 10.60.050.030-PL 99-457, Preschool Grant Program	\$ 39,767,000
(6) 10.60.050.031-IDEA, State Improvement Grant, Special Education	\$ 1,840,000
(7) 10.60.050.032-IDEA, Family Empowerment Centers	\$ 2,373,000

Provisions:

1. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state exceed \$1,009,183,000, at least 95 percent of the funds received in excess of that amount shall be allocated for local entitlements and to state agencies with approved local plans. Up to five percent of the amount received in excess of \$1,009,183,000 may be used for state administrative expenses upon approval of the Department of Finance. If the funds for Part B of the federal Individuals with Disabilities Education Act that are actually received by the state are less than \$1,009,183,000, the reduction shall be taken in capacity building.
2. The funds appropriated in Schedule (2) shall be distributed to state-operated programs serving disabled children from 3 to 21 years of age, inclusive. In accordance with federal law, the funds appropriated in Schedules (1) and (2) shall be distributed to local and state

agencies on the basis of the federal Individuals with Disabilities Education Act permanent formula.

3. Of the funds appropriated in Schedule (4) of this item, \$2,500,000 shall be allocated directly to special education local plan areas for a personnel development program. The local in-service programs shall include a parent training component and may include a staff training component. Use of these funds shall be described in the local plans. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. All programs are to include evaluation components.
4. Of the funds appropriated in Schedule (4) of this item, up to \$300,000 shall be used to develop and test procedures, materials, and training for alternative dispute resolution in special education.
5. Of the funds appropriated by Schedule (5) for the Preschool Grant Program, \$1,228,000 shall be used for in-service training and shall include a parent training component and may, in addition, include a staff training program. These funds may be used to provide training in alternative dispute resolution and the local mediation of disputes. This program shall include state-sponsored and local components.
6. Of the funds appropriated in this item, \$1,420,000 is available for local assistance grants for the Quality Assurance and Focused Monitoring Pilot Program to monitor local education agency compliance with state and federal laws and regulations governing special education. This funding level is to be used to continue the facilitated reviews and, to the extent consistent with the key performance indicators developed by the State Department of Education, these activities focus on local education agencies identified by the United States Department of Education's Office of Special Education Programs.
7. The funds appropriated in Schedule (7) shall be used for the purposes of establishing Family Empowerment Centers on Disabilities pursuant to Chapter 690, Statutes of 2001.
8. Notwithstanding the notification requirements listed in Section 26.00 (d) of this act, the Department of Finance is authorized to approve intraschedule transfers of funds within this item submitted by the State Department of Education for the purposes of ensuring that special education funding provided in this item is appropriated in accordance with the statutory funding formula required by federal IDEA and the special education funding formula required pursuant to Chapter 7.2 (commencing with Section 56836) of Part 30 of Division 4 of Title 2 of the Education Code, without waiting 30 days, but shall provide a notice to the Legislature each time a transfer occurs.
9. Of the funds appropriated in Schedule (2) of this item, \$250,000 shall be provided to districts for interpreter instruction, training, and certification. This funding shall be annually renewable for two years.
10. Of the funds appropriated in Schedule (4) of this item, \$69 million shall be used exclusively to support mental health services provided during the 2004-05 fiscal year by county mental health agencies pursuant to Chapter 26.5 (commencing with Section 7570) of Division 7 of the Government Code and that are included within an individualized education program pursuant to the Federal Individuals with Disabilities Education Act (IDEA). Each county office of education receiving these funds shall contract, on behalf of special education local planning areas in their county, with the county mental health agency for the purpose of transferring these funds to the county mental health agency to provide the specified mental health services. This funding shall be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for provision of these mental health services provided in 2004-05. Of the amount available in this provision, \$12,334,000 shall be distributed consistent with an allocation plan formulated by the State Department of Mental Health, in consultation with representatives of county mental health agencies. These funds shall be used exclusively for purposes of funding mental health services, which are identified within an individualized education program, in 2004-05. The State Department of Mental Health shall submit an allocation plan to the Department of Finance, Education Systems Unit, and the Joint Legislative Budget

Committee. The Department of Finance shall review the plan and either approve or disapprove the plan within 21 days of submission. If the Department of Finance fails to approve or disapprove the plan within 21 days the plan shall be deemed to be approved. If the Department of Finance disapproves the plan it shall (a) submit a letter to the Joint Legislative Budget Committee that explains the rationale for disapproval and (b) convene a working group consisting of representatives of the Department of Finance and the State Department of Mental Health and staff of the appropriate policy and fiscal committees of the Legislature. The working group shall jointly develop a revised expenditure plan and submit that plan to the Director of Finance for approval. The remaining funds shall be distributed to counties proportionately based on approved mandated cost claims filed for the 2001-02 fiscal year. It is the intent of the Legislature that the allocation method prescribed by this provision be in effect for the 2004-05 fiscal year only.

STATE SPECIAL SCHOOLS

6110-005-0001--For support of Department of Education, as allocated by the Department of Education to the State Special Schools, Program 10.60.040 \$32,870,000
Schedule:

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| (1) 10.60.040 - Instruction | \$33,457,000 |
| (a) 10.60.040.001 - School for the Blind, Fremont | \$ 4,775,000 |
| (b) 10.60.040.002 - School for the Deaf, Fremont | \$15,500,000 |
| (c) 10.60.040.003 - School for the Deaf, Riverside | \$13,182,000 |
| (2) Reimbursements | \$ -587,000 |

Provisions:

1. The State Special Schools for the Deaf in Fremont and Riverside and the State Special Schools for the Blind in Fremont shall provide a four-week extended session.

STATE PROPOSITION 98 FUNDS FOR STATE SPECIAL SCHOOLS AND CENTERS

6110-006-0001--For support of Department of Education (Proposition 98), as allocated by the Department of Education to the State Special Schools \$40,302,000

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| (1) 10.60.040 - Instruction, State Special Schools | \$43,325,000 |
| (a) 10.60.040.001 - School for the Blind, Fremont | \$ 5,810,000 |
| (b) 10.60.040.002 - School for the Deaf, Fremont | \$15,639,000 |
| (c) 10.60.040.003 - School for the Deaf, Riverside | \$13,246,000 |
| (d) 10.60.040.007 - Diagnostic Centers | \$10,630,000 |
| (2) Reimbursements | \$ -4,890,000 |
| (3) Amount payable from the California State Lottery Education Fund (Item 6110-006-0814) | \$ -133,000 |

Provisions:

1. On or before September 15 of each year, the superintendent of each State Special School shall report to each school district the number of pupils from that district who are attending a State Special School and the estimated payment due on behalf of the district for those pupils pursuant to Section 59300 of the Education Code. The Controller shall withhold from the State School Fund in the first principal apportionment of that fiscal year the amount due from each school district, as reported to the Controller by the Superintendent of Public Instruction. The amount withheld shall be transferred from the State School Fund to this item. The Superintendent of Public Instruction is authorized to adjust the estimated payments required after the close of the fiscal year by reporting to the Controller the information needed to make the adjustment. The payments by the Controller that result from this year end adjustment shall be applied to the current year.
2. The State Special Schools for the Deaf in Fremont and Riverside and the State Special School for the Blind in Fremont shall provide a four-week extended session.

LOTTERY EDUCATION FUND/STATE SPECIAL SCHOOLS

6110-006-0814--For support of Department of Education, for payment to Item

6110-006-0001, payable from the California State Lottery Education Fund \$ 133,000

Provisions:

1. All funds received pursuant to Chapter 12.5 of Division 1 of Title 2 of the Government Code that are allocable to the State Special Schools pursuant to Section 8880.5 of the Government Code, and, that are in excess of the amount appropriated in this item, are hereby appropriated in augmentation of this item.

STATE SPECIAL SCHOOLS TRANSPORTATION

6110-008-0001--For support of Department of Education, as allocated by the

Department of Education to the State Special Schools for student transportation

allowances, Program 10.60.040

\$ 1,402,000

Provision:

1. Funds appropriated in this item are in lieu of funds that otherwise would be transferred from the General Fund to Section A of the State School Fund in accordance with Sections 14007 and 41301.5 of the Education Code.

STATE OPERATIONS - FEDERAL TRUST FUND

6110-001-0890--For support of Department of Education, for payment to Item

6110-001-0001, payable from the Federal Trust Fund

\$129,304,000

(SPECIAL EDUCATION & RELATED ITEMS ONLY)

(The operations of the Department's Special Education Division are also funded from this item.)

Provisions:

2. Of the funds appropriated by this item, \$96,000 is available to the Advisory Commission on Special Education for the in-state travel expenses of the commissioners and the secretary to the commission.
4. Of the funds appropriated by this item, up to \$364,000 shall be used to provide in-service training for special and regular educators and related persons, including, but not limited to, parents, administrators, and organizations serving severely disabled children. These funds are also to provide up to four positions for this purpose.
5. Of the funds appropriated by this item, \$318,000 shall be used to provide training in culturally nonbiased assessment and specialized language skills to special education teachers.
9. Of the funds appropriated by this item, \$10,140,000 is for dispute resolution services, including mediation and fair hearing services, provided through contract for the Special Education Program.
10. Of the amount provided in this item, \$843,000 is provided for staff for the Special Education Focused Monitoring Pilot Program to be established by the State Department of Education for the purpose of monitoring local educational agency compliance with state and federal laws and regulations governing special education.
11. Of the funds appropriated in this item, \$125,000 shall be allocated for increased travel costs associated with program reviews conducted by the Special Education Division Focused Monitoring and Technical Assistance Units. Expenditure of these funds is subject to Department of Finance approval of an expenditure plan. The expenditure plan shall include the proposed travel costs associated with Focused Monitoring and Technical Assistance provided by the State Department of Education. It shall also include the estimated type and number of reviews to be conducted, and shall provide an estimated average cost per type of review. Annual renewal of this funding is subject to Department of Finance approval of an annual Focused Monitoring final expenditure report. The report shall be submitted on or before September 30, 2004. It shall provide the total number of reviews conducted each fiscal year, the amount of staff and personnel days and hours associated with each category of review, the travel costs associated with the type and number of reviews conducted, and an average cost-per-type of review.

14. Of the funds appropriated in this item, \$303,000 shall be allocated by the Department of Education to the California State University, San Bernardino, Center for the Study of Correctional Education, for special education monitoring of and technical assistance for the California Youth Authority pursuant to Chapter 536, Statutes of 2001.
23. Of the funds appropriated in this item, \$170,000 is provided, on a one-time basis, to support a contract with a community college to establish a distance learning Interpreter Training Program for rural areas.

STATE SUPPORT OF DEPARTMENT OF EDUCATION

6110-001-0001--For support of Department of Education \$36,568,000
(SPECIAL EDUCATION & RELATED ITEM ONLY)

Provision:

7. Of the funds appropriated in this item, \$206,000 shall be available as matching funds for the State Department of Rehabilitation to provide coordinated services to disabled pupils. Expenditure of the funds shall be identified in the memorandum of understanding or other written agreement with the Department of Rehabilitation to ensure an appropriate match to federal vocational rehabilitation funds.

CAPITAL OUTLAY - DEPARTMENT OF EDUCATION

6110-301-0660--For capital outlay, Department of Education, payable from the Public Buildings Construction Fund \$ 69,948,000

Schedule:

California School for the Deaf, Riverside:

- (1) 80.80.067-Dormitory Replacement and Chiller—Preliminary plans, working drawings, construction, and equipment \$69,948,000
(See Provisions 1-6 of this item in the Budget Act for additional information.)